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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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In the Matter of

Amendments to Uniform
Systems of Accounts for
Interconnection

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

CC Docket 97-212

Reply Comments of General Communication, Inc.

General Communication, Inc. (GCI) hereby submits reply comments on the Commission's Notice of Proposed Rulemaking (Notice).¹ Only the incumbent local exchange carriers (ILECs) believe that the new accounts and subsidiary records should not be adopted. All other parties, including several state commissions, believe that the new accounts and records should be incorporated in the Uniform Systems of Accounts (USOA). The FCC should adopt its tentative proposal as modified in GCI's comments.

I. All Information Must Be Publicly Available

The goals outlined by the FCC proposes to set up a structure to ensure uniform reporting, to ensure that regulated ratepayers do not bear the costs of ILEC competitive activities, to allow the FCC to monitor and assess the impact of competition and deployment of advances services and to assist the FCC in its decision making process on petitions for forbearance. To accomplish these goals, the FCC should ensure that all

¹Amendments to USOA for Interconnection, FCC 97-355, released October 7, 1997.

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information submitted by the ILECs to the FCC, including information submitted by non-BOC and non-GTE ILECs, is available to all interested parties. This is the only way to ensure that all parties can participate fully in the FCC's proceedings relating to the development of competition, the deployment of advanced services and the various petitions for forbearance. Also, the FCC cannot base the state of competition, deployment of advanced services or the forbearance issues that will arise for non-BOC and non-GTE ILECs on the data submitted by the BOCs and GTE. Monitoring is critical in rural areas because assumptions are often made, based on little or no data, that competition will not work in rural areas.² Requiring rural ILECs to keep the same records will permit rural policy based on fact.

II. The Proposed Accounting Entries Must Be Changed

The FCC proposes to create a new Part 32 revenue account, Account 5071, Interconnection and access to unbundled network elements and to create a new Part 32 expense account, Account 6551, Interconnection and access to unbundled network elements. The FCC proposes subsidiary record keeping categories that will

²Recently, the Alaska Public Utilities Commission (APUC), with limited numerical information on the impact on customers, determined that the rural exemption should not be lifted for three rural telephone companies in Alaska. See, In the Matter of the Petition of GCICC for Termination of and Arbitration with PTI Communications of Alaska, Inc., Docket U-97-82, Order No. 2, dated January 8, 1998; In the Matter of the Petition of GCICC for Termination of and Arbitration with Telephone Utilities of Alaska, Inc., Docket U-97-143, Order No. 2, dated January 8, 1998; and, In the Matter of the Petition of GCICC for Termination of and Arbitration with Telephone Utilities of the Northland, Inc., Docket U-97-144, Order No. 2, dated January 8, 1998.

enable carriers to identify the revenue from and amounts paid for interconnection and each unbundled network element. Most parties agree that these accounts will help the FCC achieve its goals outlined in the Notice³.

However, as outlined by GCI in its comments and supported by Cox Communications, GSA, MCI, and the Ohio PUC, the FCC should create separate accounts for interconnection and access to unbundled network elements. Interconnection under 251(c)(2) and access to unbundled network elements under 251(c)(3) are different in many respects and should be differentiated in the accounting records.

The FCC proposes that the total costs to be recorded in the subsidiary accounts should be based on the revenues received for providing interconnection with the apportionment of the costs consistent with cost studies underlying the charges for the services and elements. As stated in GCI's comments and supported by MCI the total embedded or fully distributed cost (FDC) of the unbundled element must be recorded, not the total amount of costs based on the revenues received. If the revenues received are recorded, the ILEC is then recording other costs associated with that element somewhere else, which is then being paid for by other carriers. For example, if a CLEC purchases a loop and the state commission determines that the cost of the loop to the CLEC is below the fully distributed cost, then the

³See Comments of Cox Communications, Inc., GSA, MCI, NECA, Ohio PUC, and Washington UTC. ILECS are the only parties opposing the creation of the new records.

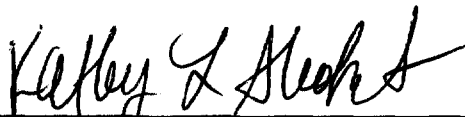
residual costs of that loop are paid for by others. This occurs even though everyone must pay the CLEC for access to the loop. This would be inconsistent with the principles of competition.

Conclusion

The FCC should adopt the goals outlined in the Order as modified above and adopt the suggested accounting changes outlined above.

Respectfully submitted,

GENERAL COMMUNICATION, INC.



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January 26, 1998

STATEMENT OF VERIFICATION

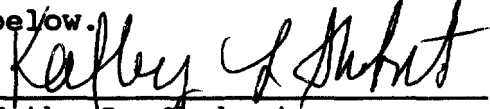
I have read the foregoing, and to the best of my knowledge, information and belief there is good ground to support it, and that it is not interposed for delay. I verify under penalty of perjury that the foregoing is true and correct. Executed this 26th day of January, 1998.

A handwritten signature in cursive script, appearing to read "Kathy L. Shobert", written in black ink.

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CERTIFICATE OF SERVICE

I, Kathy L. Shobert, hereby certify that true and correct copies of the foregoing were served by first class mail, postage prepaid to the parties listed below.


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